

2004 Annual Results

Profit recovery in 2004

Proposal to pay gross dividend of EUR 0.17 per share

Consolidated Results

in million EUR	2004	2003 restated	Variance
Net sales	1,276.3	1,180.8	8.1%
Gross margin	228.0	220.8	3.2%
EBITDA	82.4	67.7	21.8%
Income from associates (equity method)	0.6	0.6	-2.0%
Operating result	31.9	13.1	143.7%
Income from investments	0.7	0.5	36.3%
EBIT	32.6	13.6	139.7%
Interest income & expenses	-19.4	-14.0	38.5%
Other financial income & expenses	-2.2	-4.0	-45.0%
Result from ordinary activities before taxes	11.0	-4.4	n.a.
Income taxes & deferred taxes	0.2	-2.7	n.a.
Result from ordinary activities after taxes	11.2	-7.1	n.a.
Minority interests	-5.8	-3.0	98.9%
Net result (Group share)	5.4	-10.1	n.a.

Condensed balance sheet

in million EUR	2004	2003 restated	Variance
Total assets	985.0	895.5	10.0%
Group capital and reserves	281.4	271.7	3.6%
Net financial debt	334.7	306.7	9.1%

The auditor confirms that the audit is substantially completed, and did not reveal any significant adjustments to the financial information included in the press release.

Brussels, 10 March 2005
Deloitte & Touche Bedrijfsrevisoren C.V. o.v.v.e. BVBA, represented by William Blomme

Changeover to IFRS

The consolidated results for 2004 are published for the first time for a full financial year in accordance with the International Financial Reporting Standards (IFRS).

To create a comparable basis, the results for 2003 have been restated according to the same accounting standards.

The application of the new accounting standards has consequences mainly for the valuation of intangible and tangible fixed assets, provisions for pensions and deferred tax assets and liabilities. More details on the impact of the new accounting standards on the results and the balance sheet are available on <http://www.recticel.com>.

Review of sales and results

For the first six months, Recticel announced a considerable improvement in its profitability. During the second half of the year, however, the Group had to contend with rising raw materials prices and the negative effects of a delay in certain contracts by American car manufacturers. Both factors had a negative impact on the results.

Nevertheless, after the difficult year 2003, 2004 was again profitable and sales and results grew.

The **net sales** of the Group rose in 2004 by 8.1% to EUR 1,276.3 million.

On a comparable basis, sales would have risen by 6.0%. The main change in the scope of consolidation is the expansion of the Proseat joint venture (seat cushion activities in the automotive sector) in Continental Europe.

Breakdown of net sales by business line

In million EUR	2004	2003 restated	Variance
Flexible foams	470.4	459.0	2.5%
Bedding	368.3	363.1	1.4%
Insulation	95.7	95.7	0.1%
Automotive	400.0	317.5	26.0%
Eliminations	-58.1	-54.5	6.9%
TOTAL	1,276.3	1,180.8	8.1%

EBITDA rose by 21.8% to **EUR 82.4 million**.

Breakdown of EBITDA by business line

Million EUR	2004	2003 restated	Variance
Flexible foams	33.0	35.4	-6.8%
Bedding	20.8	16.9	23.5%
Insulation	11.6	11.7	-0.7%
Automotive	27.1	18.0	50.4%
Corporate	-10.1	-14.3	29.3%
TOTAL	82.4	67.7	21.8%

The **operating result** rose from EUR 13.3 million to EUR 31.9 million.

The **financial costs** rose from EUR 18.0 million to EUR 21.5 million. Net interest expenses came to EUR 19.3 million (EUR 14.0 million in 2003) and were subject to the negative impact of the interest margins charged and the higher average debt. The other financial expenses amounted to EUR 2.2 million.

The heading **income taxes and deferred taxes** came to EUR 0.2 million (- EUR 3.6 million in 2003), which is explained by:

- the taxes on the result (- EUR 4.7 million), especially on subsidiaries in the Czech Republic and of Eurofoam in Central Europe;
- the deferred taxes (EUR 4.9 million), through the recognition of additional deferred taxes as a result of changes in the tax legislation in France and the higher profit forecast of Eurofoam Germany.

The **minority interests** rose to EUR 5.9 million and are attributable to the joint ventures Copirel (bedding), JR Interiors (automotive) and Proseat (automotive).

Under the impact of all these factors, the Group recorded a **net profit (Group share)** of EUR 5.4 million, compared to a loss of EUR 10.1 million in 2003.

Market sectors

Flexible foams

The performance of the European market for flexible foams attained a healthy growth in volumes, but was disrupted by a continuing rise in raw materials prices since May 2004. Due to the progressive character of these increases, the adjustment of our own selling prices was delayed. The non-European activities performed strongly, both in terms of sales and profitability.

Sales rose by 2.5% to **EUR 470.4 million**. All sectors progressed, although often following a different trend in the various countries.

EBITDA declined by 6.8% to **EUR 33.0 million**.

The main factors are the above mentioned rise in raw materials prices and disappointing trim foam prices. The latter tendency has already been under way for some time and has prompted Recticel to go in search of new applications in 'Composite Foams'. The Group confirms that this activity is showing healthy growth and expanding increasingly.

Bedding

Sales rose in the bedding sector by 1.4% to **EUR 368.3 million**. The rise occurred mainly during the second half of the year and occurred in nearly all countries.

After a number of difficult years, EBITDA rose by 23.5% to **EUR 20.8 million**. The increase is mainly attributable to the restructuring carried out in the Netherlands and Germany and to a tentative economic upturn in Western Europe.

Insulation

Sales of the insulation sector remained stable at **EUR 95.7 million**.

Industrial insulation (EUR 21.6 million in sales) showed a slight decrease due to lower export activities, whilst insulation for the construction industry (EUR 71.9 million in sales) forged ahead, especially through the growth of the UK market.

EBITDA, at **EUR 11.6 million**, remained at the same level as the previous year in spite of the higher raw materials prices.

Automotive

Sales of the automotive sector rose by 26.0% to **EUR 400.0 million**.

EBITDA rose by 50.4% to **EUR 27.1 million**.

The 'seating cushions' department put up a strong performance, in terms of both sales (EUR 152.8 million) and profit, which is the consequence of the extension of the Proseat joint venture, among other factors.

The 'interior trim' department (EUR 153.4 million in sales) experienced a positive trend in the European plants, where, once the start-up phase is over, profitability reaches an acceptable level. In the American plants, the delay in the launch of a number of models generated extra costs which are slowing down the overall profitability of this activity.

Prospects

A further increase of the high level prices of the raw materials will affect the results of the company. Taking this into account, no forecast will be made at this moment, but be made possible at the Annual General Meeting dated 17 May 2005.

Dividend

After examining the results, the Board of Directors will propose to the Annual General Meeting of 17 May, the payment of a gross dividend of EUR 0.17 per share (EUR 0.1275 net).

Financial calendar for 2005

Annual General Meeting
Announcement of interim results

17.05.2005, 15:00
06.09.2005

Annexes

Key financial ratios

	2004	2003 restated
EBITDA / Net sales	6.5%	5.7%
Operating result / Net sales	2.5%	1.1%
Result from ordinary activities before taxes / Net sales	0,9%	0,3%
Result from ordinary activities after taxes / Net sales	0,9%	-0,6%
Net result (Group share) / Net sales	0.4%	-0.9%

Results per share

In EUR	2004	2003 restated	Variance
Weighted average number of shares	28 333 010	28 333 010	0.0%
EBITDA	2.91	2.39	21.8%
Operating result	1.12	0.46	143.7%
Result from ordinary activities before taxes	0.39	-0.15	n.a.
Result from ordinary activities after taxes	0.40	-0.24	n.a.
Net result for the period (Group share) - Basic	0.19	-0.35	n.a.
Net result for the period (Group share) - Diluted	0.19	-0.35	n.a.
Net book value	8.60	8.53	0.9%

Condensed balance sheet

Million EUR	2004	2003 restated
Intangible fixed assets	25.1	23.9
Goodwill	42.3	42.2
Tangible fixed assets	419.2	383.9
Investments in associates	4.8	4.2
Other financial fixed assets	6.5	8.5
Non-current loans, receivables	3.7	3.9
Deferred tax assets	63.3	59.3
Total non-current assets	564.8	525.9
Inventories	120.1	108.5
Trade receivables	192.3	188.9
Other current assets	80.7	47.1
Cash and cash equivalents	27.1	25.0
Total current assets	420.2	369.6
TOTAL ASSETS	985.0	895.5

Million EUR	2004	2003 restated
Capital & reserves	243.8	241.6
Minority interests	37.6	30.1
Capital & reserves and minority interests	281.4	271.7
Provisions	52.8	70.8
Deferred tax liabilities	4.9	5.7
Long-term financial debt	295.5	248.7
Other non-current liabilities	1.0	7.7
Total non-current liabilities	354.2	332.9
Trade & other payables	166.9	125.4
Income tax payable	1.0	1.3
Other amounts payable	115.3	81.2
Short-term financial debt	66.3	83.0
Total current liabilities	349.5	290.9
TOTAL LIABILITIES	985.0	895.5
Net financial debt	334.7	306.7
Net financial debt / Capital & reserves (incl. minority interests)	119%	113%
Capital & reserves (incl. minority interests) / Total assets	29%	30%

Summary consolidated cash flow statement

Million EUR	2004	2003
EBIT	32.6	13.6
Depreciation and amortization	51.1	44.7
Other non-cash elements	-11.2	4.6
Gross operating cash flow	72.5	63.1
Changes in working capital	10.8	-2.8
Net operating cash flow	83.3	60.3
Income taxes	-2.9	-4.3
Cash flow from investing activities	-91.4	-96.0
Cash flow from financing activities	11.6	21.2
Exchange rate changes	0.4	-0.8
Change in scope of consolidation	1.4	0.6
Changes in cash position	2.4	-19.0

Recticel in a nutshell

In a nutshell

Recticel is a Belgian Group with a strong European dimension, but also operates in the rest of the world. Recticel has some one hundred establishments in 20 countries.

Recticel contributes to daily comfort, with foam filling for seats, mattresses and slat bases of top brands, insulation material, interior comfort for cars and an extensive range of other industrial and domestic applications.

Recticel is the Group behind well-known bedding brands, including Beka, Epeda, Lattoflex, Literie Bultex, Schlaraffia, Sembella, Swissflex, Superba and Ubica.

Recticel is driven by technological progress and innovation, which has led to a revolutionary breakthrough at the biggest names in the car industry.

Recticel achieved sales to a value of nearly 1.3 billion euros in 2004.